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Finance Letter No. 60  
Classification 560

1944 DRIED PRUNE PURCHASE AND RESALE PROGRAM  
OF CCC(OD), LCS26a

I. INTRODUCTION

The War Food Administration has authorized the purchase and resale of the entire 1944 Pacific Coast production of packed processed dried prunes except that sold to other Government Agencies by the packers. The program will be financed from Commodity Credit Corporation funds. War Food Order 16 requires that 100 percent of the 1944 dried prune production be set aside for the use of Government Agencies, but it is contemplated that such portion of the production as is not needed by these agencies will be released for civilian consumption.

II. GENERAL DESCRIPTION OF THE PROGRAM

Commodity Credit Corporation (OD) will enter into 1944 processed prune agreements with packers of prunes the major provisions of which are the packer agrees (1) to pay all producers the applicable producer support prices in respect to all the packer's purchases of 1944 prunes in natural condition; (2) to sell to CCC(OD) all of the packer's processed 1944 prunes, other than those which may be sold directly by the packer, prior to July 1, 1945, to any other Government Agency pursuant to express authority to the packer by the War Food Administration. The producer support prices are the maximum prices in effect as of the effective date of Maximum Price Regulation 557, as issued by the Office of Price Administration on September 9, 1944. The sales prices to CCC(OD) will be the applicable "Commodity Purchase Price" shown in Schedule A of the 1944 processed prune agreement. Purchases of processed prunes by CCC(OD) for sale by CCC(OD) to other Government Agencies or for stockpiling by CCC(OD) will be made under the GCP Program. Distribution of such prunes will be made by CCC(OD) under the GCP Program in accordance with the procedure applicable to operations under that program. Purchases of processed prunes by CCC(OD) for sale back to packers for distribution to civilian purchases will be made under the packers' prune subsidy program, LCS26a. Henceforth, this Finance Letter will cover only the subsidy phase of the program pertaining to distribution by packers to civilian purchasers.

A. Packers' Subsidy on Processed Prunes

To the extent that War Food Administration permits sales of processed prunes to civilian purchasers, the packer will proceed with the normal distribution and sale thereof to such

Program Accounting  
General

Subsidy, Diversion, and Price  
Support Programs of CCC(OD)

II. A (Cont.)

civilian purchasers. All such sales (exclusive of export sales) by the packer to civilian purchasers will be made at prices not in excess of the applicable civilian sales prices. Immediately prior to any such sale of California Three District, California Outside District and Northwest varieties, CCC(OD) will purchase such prunes from the packer at the applicable "Commodity Purchase Price" and immediately thereafter will sell such prunes to the packer at the applicable "Commodity Sale Price", such prices being shown in Schedule A of the 1944 processed prune agreement. Such purchases by CCC(OD) from the packer and resale to the packer by CCC(OD) will be effected under the 1944 Dried Prune Subsidy Program of CCC(OD), LCS26a. For the purpose of making settlements between the packer and CCC(OD), the amounts due CCC(OD) from the packer and the amounts due the packer from CCC(OD) will be offset against each other and the difference will be settled as the respective interests may appear. The subsidy program for prunes is required because the price ceiling for prunes sold in civilian trade channels will not cover the necessary cost of raw product and the margins or costs of the processors. Losses to be incurred under the operation of the subsidy phase of the program are not expected to exceed \$7,629,530.00.

III. EXAMINATION OF CLAIMS

Claims from packers for subsidy payments on authorized sale of processed prunes by packers to domestic civilian purchasers will be processed pursuant to Finance Instruction 551.3, Section V, Part A, by the Western Regional Finance Office (Program Contract Accounting Section).

IV. ACCOUNTING AND REPORTING

Accounting for subsidy payments covering processed prunes distributed by packers in civilian trade channels will be performed by the Western Regional Finance Office (Fund Accounting Section) in accordance with Finance Instruction 560.7, 561.7, 562.7, 563.7, and 564.7. The subsidiary ledger accounts shall be organized to reflect the tons and amount of payments under each variety of prune.

Operations pertaining to the subsidy program shall be reported by the Western Regional Finance Office (and the Program Accounting Section in New York) in accordance with Finance Instruction 569.7.